



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid
Services

Administrator

Washington, DC 20201

JAN 28 2002

Ms. Jackie Gamer
Director
Illinois Department of Public Aid
201 South Grant Avenue East
Springfield, IL 62763-0002

Dear Ms Gamer:

We are pleased to inform you that your July 31, 2001, application for a Medicaid Section 1115 demonstration titled "Senior Prescription Assist" has been approved as project number 1 I-W-00140/5 for the period of 5 years, beginning with the enrollment of the first demonstration participant. The approval is under authority of Section 1115(a)(2) of the Social Security Act (the Act).

This approval will permit Illinois to extend pharmacy benefits, with primary care coordination, to low-income seniors age 65 or above who are at or below 200 percent of the Federal poverty level (FPL) and who are not otherwise eligible for pharmacy benefits under the State plan approved under Title XIX of the Act (Medicaid). We commend you for your interest in expanding pharmacy benefits to this population. We are also pleased that you are interested in pursuing the use of a pharmacy benefits management program, and encourage you to continue to investigate additional private sector benefit management techniques.

The Centers for Medicare & Medicaid Services (CMS) has determined that the Illinois Senior Prescription Assist program is likely to assist in promoting the objectives of the Medicaid program. This program would provide important medications to low-income seniors who otherwise would have spent large amounts on prescription drugs. Lack of ability to pay for needed prescription drugs is often a significant factor contributing to health problems of the low-income population. Those who use their limited financial resources to obtain needed drugs may do so by foregoing other expenditures important to their health and well-being. Expanded access to medically necessary drugs will make it much more likely that this category of individuals will be healthier and potentially able to avoid current Law Medicaid eligibility. Furthermore, the Senior Prescription Assist program would allow CMS to obtain valuable data regarding drug and other service utilization patterns for enrolled individuals.

Our approval of the Senior Prescription Assist demonstration (and the Federal matching authority provided for thereunder) is contingent upon the State's agreement to the enclosed special terms and conditions of approval. The special terms and conditions of approval also set forth in detail the nature, character, and extent of Federal involvement in this project. The award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the Senior Prescription Assist demonstration. Subject to approval of your protocol, as described in the special terms and conditions of approval, under the authority of section 111 5(a)(2) of the Act, expenditures made by the State under the Illinois Senior Prescription Assist for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for a period of 5 years, beginning with the enrollment of the first demonstration participant, be regarded as expenditures under the State's title XIX plan:

Expenditures for pharmacy benefits and primary care coordination for individuals aged 65 or above at or below 200 percent of the FPL who are not otherwise eligible for pharmacy benefits under the approved State Medicaid plan and who have not elected to receive direct payments because of private insurance coverage, as described below.

Expenditures for direct payments to individuals described above except that they are eligible for pharmacy benefits under private insurance coverage and have elected to receive direct payments in an amount determined by the State in lieu of pharmacy benefits and primary care coordination.

In addition, the following will not be applicable in this demonstration:

Premiums and Cost Sharing 1916

(To permit fixed premiums, and cost sharing that is more than nominal, to be imposed on demonstration participants.)

Amount Duration and Scope of Services 1902(a)(10)(B)

(To permit the State to offer demonstration participants benefits that are not equal in amount, duration and scope to other Medicaid beneficiaries.)

Retroactive Eligibility I 902(a)(34)

(To permit the State not to offer demonstration participants retroactive eligibility.)

Premiums 1902(a)(14)

(To permit the State to impose premiums on demonstration participants in excess of those that would be permitted under section 1916.)

Your project officer is Tammi Hessen, who can be reached at (410) 786-1025. Your project officer is available to answer any questions concerning the scope and implementation of the project described in your application. Communications regarding program matters, and official correspondence concerning the project, should be submitted to the project officer at the following address:

Centers for Medicare and Medicaid Services
Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group
Division of Integrated Health Systems
7500 Security Boulevard
Mail Stop S2-14-26
Baltimore, Maryland 21244-1850
E-mail: thessen@bcfa.gov

Communications regarding program matters should be submitted simultaneously to the above listed project officer and Vera Drivalas in the Chicago Regional Office.

Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601
E-mail: Vdrivalas@cms.hhs.gov

We extend our congratulations on this award and look forward to working with you during the course of the project.

Sincerely,

Thomas A. Scully

Enclosures